



New Jersey Department of Children and Families Policy Manual

Manual:	CP&P	Child Protection and Permanency	Effective Date:
Volume:	IV	Out of Home Placement	
Chapter:	C	Adoption	5-10-2010
Subchapter:	1	General	
Issuance:	1100	NJ and Federal Benefit Programs and Federal Taxes	

Purpose 5-10-2010

This policy discusses the CP&P Adoption Subsidy Program and benefits or exemptions available to the child or adoptive family from New Jersey and Federal entitlement programs such as:

- Work First New Jersey Temporary Assistance for Needy Families (WFNJ/TANF); and
- Old Age, Survivors and Disability Insurance (OASDI), and Supplemental Security Income (SSI), Federal Social Security benefit programs.

It also provides information regarding how the adoption and subsidy affects the family's Federal income taxes.

Workers share information with adoptive parents to facilitate their application to the programs for the receipt of benefits.

Authority 5-10-2010

- N.J.S.A. 30:4C-45 et seq.
- N.J.A.C. 10:121, Adoptions
- SEC.470. [42 U.S.C.670], Social Security Act, Part E
- PL 96-272, Adoption Assistance and Child Welfare Act of 1980
- P. L. 110-351, Fostering Connections to Success and Increasing Adoptions Act (FCSIAA) of 2008

Subsidized Adoption and WFNJ/TANF 5-10-2010

When a family receives assistance from the WFNJ/TANF program, any subsidy payments received from CP&P are considered exempt resources for the family. The subsidy payments are not included in the calculation of the family income in determining the assistance grant, and the adopted child is not included when determining the family size. See the Work First New Jersey Manual, N.J.A.C. 10:90-3.20(a)14vii.

When an adopted child's family is on WFNJ/TANF, Medicaid is provided to the child through that program. If the family loses eligibility for WFNJ/TANF, CP&P may reinstate Medicaid benefits for the child.

OASDI Benefits (Social Security Benefits) 5-10-2010

- **Benefits from Birth Parent(s):** If a child is eligible for OASDI benefits because of his or her birth parent(s)'s coverage, the adoptive parent(s) is authorized to apply for these benefits when the adoption is finalized. The adoptive family's income and subsidy payments do not affect the child's eligibility for OASDI benefits.
- Advise the adoptive parent(s) of benefits for which CP&P is the representative payee. If the child has a trust fund set up by CP&P because his or her benefits exceeded board payments made for the child's care, return these funds to the Social Security Administration (SSA). The adoptive parent(s) can apply for the funds as a lump sum payment for his or her child.
- The adoptive parent(s) applies for the OASDI benefits at the local SSA office by presenting the child's new birth certificate. Assist the adoptive parent(s) by obtaining the birth parent(s)'s Social Security number from CP&P records. Provide it directly to the SSA.
- **Benefits from Adoptive Parent:** If the adoptive parent(s) receives or will receive OASDI benefits for him or herself, he or she may also be eligible to receive benefits for his or her minor adopted child. However, before benefits can be received for the child, the child must reside with the adoptive parent(s) for at least one year. For example, if the child resided in a home as a foster child for three years and one year ago the foster father retired, after adoption, he can receive benefits for the adopted child as well as for himself.

Refer the adoptive parent to the following Federal web site for additional information:
<https://www.ssa.gov/>.

SSI and Title IV-E 5-10-2010

- **Applying for SSI:** If a child has a significant medical or psycho-social disability, apply for SSI benefits on behalf of the child prior to the finalization of the adoption.

Once the adoption is finalized, if the child is eligible for SSI, the adoptive family is authorized to apply to be named representative payee for the benefits. SSI provides a monthly maintenance payment and Medicaid coverage.

Advise the adoptive parent(s) of the child's SSI benefits, and encourage them to apply for these benefits through the local SSA. When applying for a child's SSI benefits, the adoptive parent(s) need to show the SSA the adoption agreement, CP&P Form [14-184](#), Agreement Between the New Jersey Division of Child Protection and Permanency and Adoption Parents Regarding Subsidy Payments, to confirm

- The parent's authority to apply to be named representative payee for the child's benefits; and
- The child's Title IV-E eligibility status.

If a child in a subsidized adoption is Title IV-E eligible, the SSA considers both the subsidy maintenance payment and the adoptive parent's income when determining the child's financial eligibility for SSI.

If a child is not Title IV-E eligible, the SSA will consider adoptive parent income, but does not consider the subsidy maintenance payment as income when making its eligibility determination.

See [CP&P-IX-F-1-250](#), Federal Benefits, for more information on Federal government benefits, and [CP&P-III-C-2-400](#), Supplemental Security Income, for more details on SSI.

- Out-of-State Medicaid Coverage: If a child qualifies for SSI before he or she is adopted, he or she becomes Title IV-E eligible, enabling the adoptive family to receive Medicaid from the state of residence, if the family lives or moves out of state.

Federal Income Tax Provisions 5-10-2010

- Adoption Tax Credit: Pursuant to current tax code, all adoptive parents qualify for an adoption tax credit in the tax year the adoption is finalized. The adoptive parent may also be eligible for a tax credit for child care expenses. Refer the adoptive parent(s) to the IRS guidelines for any changes to the tax code and credits. Refer the adoptive parent(s) to the following Federal web site for additional information: <https://www.irs.gov>. Advise the adoptive parent(s) to search the IRS site by keywords (e.g., adoption tax credit, child care expenses).
- Non-Taxable Income: The money which CP&P pays as a subsidy to the adoptive parents is considered by the Internal Revenue Service as non-taxable income.

- Tax Exemption: In order for the adoptive parent(s) to claim the child as a tax exemption, he or she must provide more than half of the child's support from monies other than the subsidy payments. If the adoptive parent(s) has questions, advise him or her to consult the Internal Revenue Service or a qualified tax accountant.

Relevant NJS Forms and Windows 5-10-2010

- Adoption Agreement Window

Other Forms 5-10-2010

- CP&P Form [4-18](#), Fact Sheet - Differences Between Adoption and KLG, Acknowledgement Receipt
- CP&P Form [14-184](#), Agreement Between the New Jersey Division of Child Protection and Permanency and Adoption Parents Regarding Subsidy Payments

Related Policy 5-10-2010

- [CP&P-IX-F-1-250](#), Federal Benefits
- [CP&P-III-C-2-400](#), Supplemental Security Income
- [CP&P-IV-A-11-100](#), Making the Resource Placement Decision - Adoption and KLG, and its subsections
- [CP&P-IV-C-1-800](#), Resource Parent Adoption